

# DCAA Audit Findings

Contractor	By	Date	Description
Nebraska (State of)	DCAA	9/4/2006	DCAA reviewed Nebraska's Department of Correctional Services' actual and estimated daily detention rates. DCAA did not adjust the actual or estimated detention rates.
Shaw Environmental & Infrastructure, Inc.	DCAA	6/30/2006	Audit found that contractor's billed costs on first vouchers are acceptable as submitted.
Shaw Environmental & Infrastructure, Inc.	DCAA	6/30/2006	Examination of the proposal disclosed questioned costs, including labor and indirect expenses. Proposal is acceptable for negotiation of a fair and reasonable price; significant issues: results are qualified because they did not receive results of the technical evaluation of labor, direct material, equipment, other direct costs, subcontracting, and travel; labor costs are questioned due to the difference of the contractor applying average labor rates instead of actual labor rates; questioned indirect expenses are due to questioned indirect rates for various Shaw segments.
Lifecare Management	DCAA	6/16/2006	DCAA determined whether Lifecare's system design was acceptable for the award of a prospective contract. DCAA noted deficiencies in the design of the accounting system – no controls in place for proper segregation of costs, identification of indirect pool and base costs not specified in accounting system, and Lifecare does not post contract costs on a monthly basis. Lifecare's response was not adequate in all instances.
Shaw Environmental & Infrastructure, Inc.	DCAA	6/15/2006	Contractor's billed costs from September 4, 2005 through September 25, 2005 are acceptable as submitted.
CH2M Hill, Inc.	DCAA	6/14/2006	Audit questioned the proposed travel costs and the related questioned G&A expenses.
CH2M Hill, Inc.	DCAA	6/14/2006	CCI asserts that proposed costs were based on costs incurred from 10/2005 through 3/2006, plus estimated costs. Audit found that "incurred 2005 & 2006" costs were actually commitments to subcontractor and estimates of costs, not actual costs booked to CCI books and records. Questioned costs related to differences between proposed and recorded subcontract incurred costs; questioned costs related to other direct costs proposed as incurred, compared to actual costs recorded to their books and records.
Michael Baker Jr. (MBJR)	DCAA	6/14/2006	DCAA evaluated MBJR's compliance with Cost Accounting Standards. DCAA then examined whether MBJR complied with depreciation of Tangible Capital Assets, and applicable Federal Acquisition Regulation Part 31 requirements. DCAA found MBJR complied in all material respects.
Shaw Environmental & Infrastructure, Inc.	DCAA	6/9/2006	Contractor's billed costs from inception through December 31, 2005 are acceptable as submitted.
Shaw Environmental & Infrastructure, Inc.	DCAA	6/9/2006	Offeror has submitted adequate cost or pricing data except for qualifications (technical evaluation not supplied): proposed labor categories; labor hours and labor mix; types and quantities of direct materials and/or equipment; other direct costs; subcontracting; and number of trips and days, destinations, method of travel, and local transportation. Qualifications significant enough to materially impact results of audit. Recommended that contract price negotiations not be concluded until results of the evaluation are considered by the contracting officer.
Shaw Environmental & Infrastructure, Inc.	DCAA	6/8/2006	Offeror submitted adequate cost or pricing data except for: proposed labor categories; labor hours and labor mix; types and quantities of direct materials and/or equipment; other direct costs; subcontracting; and number of trips and days, destinations, method of travel, and local transportation.
Shaw Environmental & Infrastructure, Inc.	DCAA	5/26/2006	Examination of proposal disclosed questioned costs. Questioned costs include: subcontractor costs and indirect expenses. Significant issues: results are qualified because they did not receive technical evaluation of labor, direct material, equipment, other direct costs, subcontracting, and travel; subcontractor costs are questioned due to a duplicate charge of a subcontractor invoice and the incorrect completion of the contractor's accounts payable invoice; and questioned indirect expenses are a result of the questioned subcontractor's costs.
CH2M Hill, Inc.	DCAA	5/22/2006	Audit determined offeror has submitted adequate cost or pricing data in support of its forward pricing indirect rates. Proposal was considered acceptable and reasonable.
Shaw Environmental & Infrastructure, Inc.	DCAA	4/21/2006	DCAA examined Shaw's cost-plus-fixed-fee proposal to determine if the proposed costs are acceptable as a basis to negotiate a fair and reasonable contract price – the proposal is for staff support services to the Disaster Recovery Centers in Houston, TX in support of people displaced by Hurricanes Katrina and Rita. DCAA took no exceptions; however, it noted that the results are qualified to the extent that costs may be questioned based on the technical evaluation that is being performed on the more specific costs.
CH2M Hill, Inc.	DCAA	4/7/2006	Audit determined that contractor had submitted adequate cost or pricing data in support of its forward pricing direct labor rates.
CCI	DCAA	3/31/2006	DCAA evaluated CCI's over \$100 million proposal to determine if part of the proposal is acceptable as a basis to negotiate a fair and reasonable price. CCI submitted the proposal for tasks for the individual assistance and technical assistance associated with Hurricane Katrina relief. DCAA questioned CCI's proposed costs, including costs related to labor, and to G&A, questioned labor.
CH2M Hill International Services, Inc.	DCAA	3/23/2006	Audit found direct labor differences due to a more current FPRA; CHIS is aware that there is a more current INC FPRA because proposal was prepared. Labor escalation of 3.7 percent is consistent with rates supported by the current fourth quarter. Indirect rates were also consistent with current rates at time of proposal.

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Contractor	By	Date	Description
CH2M Hill Constr. Inc. (CCI)	DCAA	3/13/2006	DCAA evaluated CCI's cost plus fixed-fee proposal to determine if the part of the proposal examined was acceptable as a basis to negotiate a fair contract price. DCAA examined the direct labor rates; service center rates; equipment, material, and supplies costs; other direct costs; travel costs; and indirect rates. DCAA questioned proposed costs and identified unsupported costs.
Reveal Imaging Technologies	DCAA	3/13/2006	DCAA examined Reveal's financial condition and capability to determine if the contractor has adequate financial resources to perform on Gov't contracts. To do so, DCAA evaluated their prepared audited financial statements for FY 2003 and 2004, unaudited financial statements for FY 2005, and cash flow forecast through 2006. DCAA found Reveal's financial condition to be acceptable for performing on Gov't contracts.
FFS	DCAA	2/23/2006	DCAA evaluated FFS' rough order of magnitude (ROM) proposal for a task under the contract by verifying the proposed direct/subcontract costs to the contractor's supporting documentation; verifying the proposed craft compensation rates and all applicable burdens used to develop the proposed craft labor costs; and evaluating the document status of the accounting, billing and other systems and financial capability. DCAA identified a difference in the proposed burden and overhead rates applied to the base labor rates and G&A rates.
Infozen, Inc.	DCAA	2/22/2006	DCAA examined Infozen's accounting system to determine whether the design of the system is acceptable for the award of a prospective contract. They found that the design of the accounting system is, in all material respects, considered acceptable for the proposed contract.
Shaw Environmental & Infrastructure, Inc.	DCAA	2/21/2006	Evaluation limited to certain contractor estimating practices used in preparing its proposals submitted. Contractor unable to provide the basis for the proposed direct labor costs or certified cost or pricing data for the proposed subcontract costs. Following problems found: Contractor did not consistently prepare and document bid books; document management reviews; subcontract pricing considerations; did not provide subcontract cost of pricing data; contract did not provide individual breakout of labor costs by category. Audit recommended the contractor follow its own established policies and procedures; deficiencies would be corrected if the contract would do so.
FFS	DCAA	2/3/2006	DCAA evaluated four FFS public vouchers by verifying the claimed costs to the SAP/summary costs records; the T&M rates; other direct cost to the detailed support; mathematical accuracy of the public vouchers; and the subcontractor's invoice to the subcontractor's books and records. DCAA took exception to the T&M rates.
Universal Project Management Inc. (UPM)	DCAA	1/26/2006	DCAA evaluated UPM's accounting system to determine whether the system design is acceptable for the award of a prospective contract. DCAA found the system design inadequate in that it could adversely affect recording, processing, summarizing, and reporting costs. DCAA found a need for identification of unallowable costs and a need to prepare written policies and procedures.
UPM	DCAA	1/12/2006	DCAA evaluated UPM's subcontract with FFS by examining the proposed based labor rate, indirect cost rate, other direct costs and fee costs. DCAA found that UPM had incorrectly calculated its indirect factor and that UPM's other and travel costs were untraceable. DCAA took exception to housing/per diem and laptop costs.
ATCS Serv.	DCAA	1/11/2006	This is a supplemental DCAA report replacing the above (#12) in its entirety. DCAA further evaluated ATCS' labor costs – direct and indirect. As to direct labor rates, DCAA applied the FY 2004 overhead, G&A, material handling, and profit to actual labor rates to determine a fully burdened rate for each category and skill level. As to indirect rates, DCAA found the overhead and G&A rates for 2005 were based on projections from actual 2002 rates, and determined that these projections were not indicative of actual expenses incurred. DCAA took no exception to the proposed material handling rate.
FFS	DCAA	1/10/2006	DCAA evaluated FFS' proposal for a task under the contract by verifying direct labor costs to books and records; verifying support for proposed direct construction/subcontractor's costs; and evaluating the document status of the accounting, billing and other systems and financial capability. DCAA took no exceptions.
ATCS Serv.	DCAA	12/23/2005	DCAA evaluated the reasonableness of ATCS' proposed labor rates on a subcontract. DCAA took exception to the proposed labor rates, proposed overhead, and G&A rates. DCAA did not take exception to the proposed material handling rate.
Shaw Environmental & Infrastructure, Inc.	DCAA	12/21/2005	Except for qualifications for the audit of Part VIII disclosure statement revisions currently being in process, offeror has submitted adequate cost and pricing data. Proposal considered acceptable. Audit of Part VIII currently in progress.
BNI	DCAA	12/16/2005	Audit determined that except for qualifications regarding the results of a government technical evaluation and the impact of BNI's proposed schedule extension, BNI submitted adequate cost or pricing data. DCAA questioned other direct costs, including equipment, G&A expenses, and FCCM. BNI concurred with findings.
FFS	DCAA	12/1/2005	DCAA evaluated several FFS public vouchers. DCAA compared claimed costs to the SAP/summary costs records; compared claimed costs/hours, on a test basis, to the contractor's detailed support; and verified the mathematical accuracy of the public vouchers. DCAA took no exceptions.

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Contractor	By	Date	Description
MBJR	DCAA	11/30/2005	DCAA examined MBJR's compliance with the requirements of CAS 410 Allocation of Business Unit General and Administrative Expenses to Final Cost Objectives, and any applicable Federal Acquisition Regulation Part 31 requirements. DCAA found MBJR complied in all material respects.
Fluor Federal Serv. Inc. (FFS)	DCAA	11/18/2005	DCAA evaluated two FFS contract tasks by verifying proposed labor rates and T&M rates; comparing proposed indirect rates to the established forward pricing rate agreement; verifying support for the proposed other direct costs; and evaluating the status of accounting, billing and other systems of financial capability. DCAA lowered FFS' T&M; lowered the G & A rate and the Cost of Money rate; and took no exceptions to the proposed labor rates and other direct costs.
Shaw Environmental & Infrastructure, Inc.	DCAA	11/18/2005	Contractor incorrectly applied two labor rates under Task Order 15 and one labor rate under Task Order 17. Under 15: rate for Project Manager II - Field and rate for Field H&S Tech II - Field. Under 17: rate for Administrative Assistant 2. No other exceptions were taken.
Bechtel National Inc. (BNI)	DCAA	11/16/2005	DCAA evaluated BNI's cost-plus-fixed-fee proposal for Group Site Design Services to obtain the bases of estimates, verified the mathematical accuracy of the proposal, and traced proposed costs to supporting documentation. DCAA took exception to BNI's other direct costs and subcontracting costs to which BNI agreed and submitted revised proposals to correct the errors.
Bechtel National Inc	DCAA	11/10/2005	Audit revealed significant differences in proposal of over \$100 million, including corrective maintenance and utilities. Contractor concurred and revised proposal.
Shaw Environmental & Infrastructure, Inc.	DCAA	11/4/2005	Forecasted FY 2006 bidding rates were reviewed and approved by CACO. Contractor did not include proposed cost of money for task order 12; contractor admitted omission and agreed that cost of money should be included in total; error identified on task order 12. Other task orders determined to be adequate.
MBJR	DCAA	10/31/2005	DCAA evaluated MBJR's certified final indirect cost proposal, revised schedules, and related books and records for reimbursement of FY 2003 incurred costs. The purpose of the examination was to determine allowability of direct and indirect costs and recommend contracting officer-determined indirect cost rates. DCAA questioned the proposed indirect state income taxes costs. DCAA also questioned proposed indirect corporate admin allocations.
Michael Baker Jr., Inc. (MBJR)	DCAA	10/28/2005	DCAA evaluated MBJR's certified final indirect cost proposal, revised schedules, and related books and records for reimbursement of FY 2002 costs. The purpose was to determine the allowability of direct and indirect costs and recommend contracting officer-determined indirect cost rates. MBJR's indirect rates were acceptable as adjusted by the examination. The claimed direct rates were acceptable and provisionally approved. MBJR did err in misclassifying other direct costs as subcontract costs.
CH2M Hill Constructors, Inc.	DCAA	10/21/2005	Report limited to direct labor rates, indirect rates, equipment and ODC. Except for qualifications, audit found offeror submitted adequate cost or pricing data. Qualifications: non receipt of the requested technical evaluation regarding proposed labor hours and material quantities (considered essential for review of labor and material costs); results qualified related to proposed CCI indirect rates (proposal was submitted prior to FEMA effort, which would significantly affect proposed indirect rates).
Fluor Federal Services, Inc.	DCAA	10/19/2005	Audit discovered difference in labor rates, specifically in the FEMA Hourly Rate schedule.
AKAL Security	DCAA	9/30/2005	The contractor's accounting system is not acceptable for the award of the prospective contract. The significant issues listed by the auditors included: 1) accounting system is not configured to allocate indirect costs to contracts; 2) contractor's timekeeping system for employees lacked accountability; 3) the contractor's accounting system is not configured for segregating and accumulating allowable costs; 4) inadequate internal control over billing procedures.
Covenant Aviation Sec.	DCAA	9/30/2005	DCAA examined Covenant's final indirect cost rate proposal and related records for reimbursement of incurred costs to determine the allowability of direct and indirect costs and recommend contracting officer determined indirect cost rates. DCAA found Covenant's accounting system adequate for accumulating, reporting, and billing costs on government contracts. DCAA questioned Covenant's overhead costs and general and administrative costs.
Siemens Maintenance Services, LLC	DCAA	9/30/2005	DCAA questioned costs were a result of large subcontract being reclassified as other direct costs and significant decline in the costs of leasing/manning the warehouse rather than subcontracting this out. Also questioned consumables quote and the application of proposed G&A rate to the G&A base. SMS does not believe this contract is subject to full CAS coverage because the CAS clause is not in the contract. DCAA believes this contract is subject to full CAS coverage because the PCO informed SMS that because the options were not competitive the options were subject to full CAS coverage.
Siemens Maintenance Services, LLC	DCAA	9/30/2005	The auditors questioned a subcontract being reclassified as other direct costs. They also questioned a decline in the costs of leasing/manning the warehouse because the contractor managed the warehouse rather than subcontracting it out.
Invizion, Inc.	DCAA	9/29/2005	DCAA examined Invizion's accounting system to determine whether the system's design was acceptable for the award of a prospective contract. DCAA found Invizion's system unacceptable for the award of a contract - Invizion does not allocate indirect costs based on a causal/beneficial relationship to intermediate and final cost objectives; Invizion has not prepared a FY 2005 budget with a written description of the contents of the bases and pools.

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Contractor	By	Date	Description
Startech	DCAA	9/29/2005	DCAA examined StarTech's accounting system to determine whether the design of the system was acceptable for the award of a prospective contract. DCAA found StarTech's system unacceptable on 9 counts for the award of a contract.
PrimeFlight Aviation	DCAA	9/28/2005	DCAA examined PrimeFlight's final indirect cost rate proposal and related records for reimbursement of incurred costs to determine the allowability of intermediate home office costs and recommend intermediate home office allocations. FirstFlight's intermediate home office allocations (legal fees, professional services) were acceptable as adjusted by DCAA examination.
DMJM Aviation, Inc.	DCAA	9/26/2005	Indirect rates are acceptable as proposed. Claimed direct rates are acceptable and provisionally approved. Cumulative Allowable Cost Worksheet represents costs that are considered allowable under the listed contract and therefore reimbursable.
SMS Holdings Corp.	DCAA	9/26/2005	DCAA examined SMS' revised final incurred cost proposal and related books and records for reimbursement of FY 2002 incurred home office costs and allocations. DCAA found SMS' accounting system to be inadequate because of the risk of unallowable costs being included. The audit also included expanded testing to provide a reasonable basis for DCAA's opinion.
Whelan Security Co.	DCAA	9/26/2005	The accounting system is not acceptable because it does not comply with Transportation Security Administration Acquisition Management System. This can adversely affect ability to record, process, summarize, and report costs in a manner that is consistent with applicable Government contract laws and regulations.
Jackson Hole Airport Board	DCAA	9/23/2005	JHAB submitted a proposal for reimbursement of FY 2004 costs. DCAA questioned claimed direct labor for paid lunch breaks. The contractor did not concur.
Siemens Dematic Corp.	DCAA	9/20/2005	DCAA examined Siemens' compliance with the requirements of CAS 409, Depreciation of Tangible Capital Assets to determine if the contractor complied with the requirements of CAS 409, and any applicable FAR Part 31 requirements during FY 2003. DCAA found Siemens complied, in all material respects, with the requirements of CAS 409.
Siemens Dematic Corp.	DCAA	9/20/2005	DCAA examined Siemens' compliance with the requirements of Cost Accounting Standards to determine if they complied with the requirements of CAS 404, and any applicable FAR Part 31 requirements during FY 2003. DCAA found Siemens complied, in all material respects, with the requirements of CAS 404, Capitalization of Tangible Assets, during FY 2003.
Walden Security	DCAA	9/16/2005	DCAA examined Walden's accounting system to determine whether the system's design was acceptable for the award of a prospective contract for security guard services. DCAA determined that the design was not acceptable for the award of a prospective contract because employees do not certify their time sheets and Walden does not identify and segregate unallowable costs as required by contract provisions.
GE Ion Track	DCAA	9/13/2005	DCAA applied numerous agreed-upon procedures to GE's direct labor and indirect rates. The procedures resulted in a decrease in direct labor costs and a decrease of indirect costs from the original amounts proposed.
Boeing Service Company	DCAA	9/6/2005	Accounting system and related internal and control policies and procedures are inadequate in part due to the significant deficiencies in the company's control environment and related internal control policies and procedures. Five significant deficiencies: (1) inadequate investigation and documentation of potential mischarging that could be associated with certain ethical violations uncovered during investigations; (2) inadequate policies related to hiring current and former government employees; (3) inadequate policies and procedures regarding procurement integrity and hiring of former competitors' employees; (4) restricting government access to factual information from legal investigations that the company considers privileged; and (5) inadequate legal investigation procedures and lack of department wide investigation tracking system.
Asset Protection and Security Services, LP	DCAA	9/2/2005	The auditors found that the accounting system was not acceptable for the award of prospective contract. Also, there were two significant deficiencies in AP&SS's accounting system that could result in misstated costs.
Executive Security	DCAA	9/2/2005	The contractor's accounting system is not acceptable. There were significant deficiencies in their accounting system. Although there was no comprehensive examination of the system, auditors determined that the deficiencies could adversely affect the organization's ability to record, process, summarize, and report costs.
Rapiscan Systems, Inc. (RSI)	DCAA	8/25/2005	Audit found differences as follows: Direct Labor Rates: negative differences in comparison of subcontractor's proposed direct labor escalation rates versus direct labor escalation rates obtained from Global Insight. Proposed escalation rates were lower than the rates by GI. Negative differences between proposed indirect expense rates versus current actual indirect expense rates because the proposed rates are lower than the actual rates.
Bechtel Systems and Infrastructure, Inc.	DCAA	8/19/2005	Audit reviewed indirect cost and allocation base projections and evaluated cost allocation methods. During May 2005 review, audit found that BSII's 2005 forecast significantly increased its 2005 Long Term Incentive Program and bonus payout to executives over the 2004 amount. BSII significantly understated its exclusion of specifically unallowable labor costs in excess of the statutory salary cap. BSII concurred with the findings and agreed to recompute the executive salary cap and bonus amount. Auditor found the Aug. 2005 revised proposal to be acceptable.

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Contractor	By	Date	Description
Surescan Corp.	DCAA	8/12/2005	DCAA examined the direct labor and indirect expense rates of Surescan's to determine if the part of the proposal examined is acceptable as a basis to negotiate a fair and reasonable contract price. DCAA recommended an overall upward adjustment to the proposed labor overhead and the base general and administrative costs to account for questioned incentive bonuses and a math error in the general and administrative pool costs.
Reveal Imaging Technologies	DCAA	8/5/2005	DCAA applied numerous agreed-upon procedures - traced direct labor costs proposed to book and records; traced indirect rates proposed to books and records; and compared escalation proposed with escalation from Global Insight - to Reveal's direct labor rates and indirect rates proposed for FY 2005-2007.
Shaw Environmental & Infrastructure, Inc.	DCAA	7/1/2005	Offeror has submitted adequate cost or pricing data. Proposal acceptable as a basis for negotiation of a fair and reasonable provisional forward pricing rate agreement.
Turner Construction Company	DCAA	6/27/2005	Based on evaluation of incurred cost submission, audit questioned following rates: (1) overhead/G&A rate. 4.13% of proposed overhead; questioned overhead expenses of which a significant amount is expressly unallowable expense under the FAR; (2) Employee Benefit Expense (EBE) rate. questioned 0.19% of the proposed EBE rate. questioned the EBE pool some of which was related to supplemental compensation and another part was related to pension costs which were not computed in accordance with the pension funding requirements of FAR.
Select, Inc.	DCAA	6/10/2005	DCAA examined Select, Inc.'s accounting system to determine whether the system's design was acceptable for the award of a prospective contract. DCAA found that Select's accounting system was not acceptable for the award of a contract - Select does not include a job cost system. If Select is awarded the contract, they plan to take the proposed, adequate corrective actions suggested by DCAA. DCAA will follow up to check on the corrective actions if Select is awarded the contract.
Care Core LLC	DCAA	6/9/2005	DCAA determined the cost realism and possible understatement of Care Core's direct labor, indirect rates, and other costs for their Nurse Case Management Services. DCAA found that Care Core was unable to provide adequate support for the some annual costs proposed for a utilization review.
Nat. Util. Manag. Corp.	DCAA	6/9/2005	DCAA examined NUMC's accounting system to determine whether the system's design was acceptable for the award of a prospective TSA contract. DCAA found that NUMC's design was not acceptable for the award of a contract - NUMC does not have adequate timekeeping policies, does not segregate direct from indirect costs, does not compute indirect rates, does not have job cost ledgers, and does not have procedures to identify and segregate expressly unallowable costs.
Reveal Imaging Technologies, Inc.	DCAA	5/25/2005	Auditors found that the contractor may have difficulty meeting its near-term financial obligations and may not be capable of performing on its government contracts without extraordinary management actions.
Reveal Imaging Technologies	DCAA	5/17/2005	DCAA examined Reveal's accounting system to determine whether it is adequate for accumulating costs under government contracts and whether the billing procedures are adequate for the preparation of costs reimbursement claims, i.e., interim public vouchers and progress payments. DCAA found Reveal's accounting system to be adequate for accumulating and billing costs under government contracts.
Turner Construction Co.	DCAA	5/16/2005	DCAA examined Turner's indirect cost proposal and related books and records for reimbursement of FY 2003 incurred costs to determine allowability of the indirect cost rate and establish audit determine indirect cost rates for 2003. DCAA questioned overhead expenses for FY 2003 related to unallowable phantom stock option costs, reversal of add-back credits, and excess executive compensation. Of the total questioned, several million dollars is listed as expressly unallowable per specific FAR clauses. The questioned amounts resulted in a questioned Overhead Rate in FY 2003.
Shaw Environmental & Infrastructure, Inc.	DCAA	5/13/2005	Audit found that offeror submitted adequate cost or pricing data. Considered proposal acceptable as basis for negotiating a fair and reasonable forward pricing rate agreement.
L-3 Communications	DCAA	3/29/2005	DCAA applied numerous agreed-upon procedures to L-3's direct labor rates and proposed indirect rates. As to direct labor rates, DCAA found L-3 did not propose escalation of the rates for the three year proposal. As to indirect rates, DCAA found the proposed customer service overhead rate and the G&A rate were not computed in accordance with the contractor's FY 2004 budget calculations for the Security and Detection System Division.
Cooperative Personnel Services	DCAA	3/24/2005	Out of several million of claimed costs, a portion was questioned and a significant amount was unresolved.
Unisys Corporation	DCAA	3/21/2005	DCAA examined Unisys' multi-million dollar modification proposal to provide core effort to lead and manage the current TSA enterprise. DCAA questioned 20% of the proposed costs and found that 8.8% were unsupported.
BNI	DCAA	3/10/2005	Audit revealed the following changes to baseline estimates: Site roads, Preliminary and Detail Design, Fire Protection System, Perimeter Protection, Utility Connection.
Shaw Environmental & Infrastructure, Inc.	DCAA	2/15/2005	Shaw E&I's overall accounting and estimating systems determined to be adequate with the following qualifications: contractor changed the basis for allocating low value equipment (additional costs in the LVFE rate may be questioned based on the results of the audit of the cost impact); contractor submitted revision no. 13 and no. 14 to several parts and audits are currently in progress; corporate costs were omitted in error by the contractor in the first proposal, detailed evaluation of proposed corporate costs could not be performed.

# DCAA Audit Findings

Contractor	By	Date	Description
Corgan Associates, Inc.	DCAA	2/14/2005	Contractor's indirect rate is acceptable. Claimed direct costs are acceptable. Auditor questioned direct costs proposed under government contracts. A negative questioned cost will increase the proposed amount. Questioned direct costs by element within specific contracts are presented in notes. Direct costs not questioned are provisionally approved. Cumulative Allowable Cost Worksheet (CACWS) considered allowable and reimbursable. Penalties for Unallowable costs was not included in the subcontract. None of the direct costs questioned in examination are subject to penalties provided in FAR.
Robert Lloyd Electric Company, Inc.	DCAA	2/10/2005	Subcontractor's indirect rate is acceptable. Subcontractor's indirect rate is limited on direct costs incurred through August 11, 2003. Subcontractor is entitled to full rate on direct costs incurred effective August 11. Claimed direct costs are acceptable. Costs of cumulative allowable costs are considered allowable under listed subcontracts and are reimbursable. Indirect Costs subject to penalty not included in audit.
Ricondo & Associate, Inc.	DCAA	1/7/2005	Examination of cost proposal for FY 2005 disclosed questioned 2nd tier subcontract costs and questioned overhead costs. Auditor reclassified direct travel costs to subcontract costs and reclassified direct labor costs to overhead costs. The incurred cost submission is acceptable as a basis for determination of indirect rates. However, significant issues re: Appendix 3 - Cumulative Allowable costs for FY 2002 and FY 2003
DMJM Aviation Inc.	DCAA	12/16/2004	DCAA evaluated DMJM's invoiced direct labor and other direct costs under its Boeing Subcontract, to determine if the subject costs are in compliance with applicable provisions of the FAR and the subcontract. DCAA found the direct labor and ODC costs claimed on the subcontract invoices were overstated in CFY 2002 and understated in CFY 2003.
DMJM Aviation Inc.	DCAA	12/3/2004	DCAA examined DMJM's final indirect cost rate proposal and related books and records for reimbursement of FY 2003 direct costs only on a Boeing Service Company Subcontract. DCAA questioned DMJM's direct labor and DMJM's other direct costs, but otherwise found DMJM's claimed direct costs acceptable as adjusted.
The Boeing Company	DCAA	11/17/2004	Boeing's control environment is inadequate in part. Examination disclosed 6 significant deficiencies that impact Boeing's control environment that may result in a decreased control consciousness of employees and misclassified costs at the Boeing segments. Significant issues: (1) inadequate investigation and documentation of potential time mischarging that could be associated with certain ethical violations uncovered during investigations; (2) inadequate policies and procedures related to hiring current and former government employees; (3) inadequate policies and procedures regarding procurement integrity and hiring of former competitors' employees; (4) restricting government access to factual information from legal investigations that the company considers privileged; (5) not displaying DOD Hotline Posters as required; (6) inadequate legal investigation procedures and lack of a department wide investigation tracking system
NCS Pearson, Inc.	DCAA	10/26/2004	Applying agreed-upon-procedures, the audit resulted in Labor costs being negotiated from \$46,569,005 to \$16,093,955. In travel, the audit negotiated from \$30,560,382 to \$1,652,715. Subcontractor statistics were not provided at the time of the audit.
Siemens Dematic Corp.	DCAA	10/5/2004	DCAA examined Siemens' Air Cargo & Security division's billing system and related internal controls to assure it complied with applicable laws and regs, are effective over compliance with applicable laws and regulations, and are adequate and operating effectively. DCAA found the billing system and related internal control policies and procedures adequate.
DMJM Aviation Inc.	DCAA	9/29/2004	DCAA examined DMJM's final indirect cost rate proposal and related books and records for reimbursement of FY 2002 direct costs only, to determine allowability. Except for the qualification on information processed through the subcontractor's computerized systems, claimed direct costs were acceptable and provisionally approved pending final acceptance. DCAA did find that the schedule of direct costs by contract/subcontract and its schedule of government participation in indirect expense pools were incorrect regarding the assignment of costs to the appropriate pool.
Siemens Dematic Corp.	DCAA	9/28/2004	DCAA examined Siemens' Air Cargo & Security division's final indirect cost proposal and related books and records for reimbursement of FY 2002 incurred costs to determine allowability of direct and indirect costs. DCAA found the indirect rates and direct costs acceptable.
09711-579 (Yarrow)	DCAA	9/24/2004	DCAA questioned costs of Yarrow's proposal for consulting services. Specifically, DCAA questioned Yarrow's proposal costs for direct labor, overhead, and travel expenses.
Siemens Dematic Airport Cargo & Security Operations Division	DCAA	9/20/2004	DCAA examined Siemens' Airport Cargo & Security Operations' compliance with the requirements of CAS 418, Allocation of Direct and Indirect Costs, to determine if the contractor complied with the requirements of CAS 418, and any applicable FAR Part 31 requirements during FY 2003. DCAA found Siemens complied, in all material respects, with the requirements of CAS 418.
Fluor Federal Services	DCAA	7/30/2004	Audit discovered differences in proposed and actual composite direct labor rates; Contractor did not have current FPRR for their direct labor rates. Audit of subcontractor disclosed differences only for the proposed TRS subcontractor direct labor rates (chart). Differences in Overhead (home), in Overhead (field), and in G&A; other direct costs included difference in airfare. Contractor reserved comment.

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Contractor	By	Date	Description
Turner Construction Company	DCAA	6/25/2004	Offeror has submitted adequate invoice cost data. However, subcontractor's billing system has some inadequacies which could result in the subcontractor billing the government inappropriately. Vouchers were not prepared in all respects in accordance with applicable Cost Accounting Standards. Impact of noncompliances considered relatively insignificant. Vouchers are acceptable for payment. TCC's practice of billing for costs prior to being posted to the ledger could result in the government being double billed. Recommend that in the future Turner should only bill costs after it has been posted to the ledger. Recommend Turner implement controls to prevent the misclassifying of costs.
Siemens Dematic Corp.	DCAA	6/7/2004	DCAA examined Siemens' public voucher request under a Boeing Subcontract to verify the amount claimed to Siemens' books and records as a basis for approving subcontract financing in accordance with the provisions of the subcontract. DCAA took no exception to claimed costs. DCAA did note two issues: (1) that the subject billing was prepared using budgeted FY 2003 direct labor rates and indirect expense rates, and (2) while the billed labor costs reflect actual labor hours incurred they do not reflect actual labor costs.
IBM Global Serv. Fed.	DCAA	5/14/2004	DCAA evaluated IBM's subcontract proposal by examining the direct labor and indirect expense rates, hardware, software, travel and web hosting services. DCAA took exception to the proposed lower-tier subcontractor direct labor rates and questioned the proposed call center costs.
NCS Pearson, Inc.	DCAA	5/3/2004	NCS Pearson, Inc. submitted a proposal for costs incurred of \$607,978,607. DCAA questioned \$297,712,435 in deficient costs including In-house/interdivisional labor, subcontract/temporary agency labor, travel, and other direct costs. The contractor has contested the findings in detail.
Turner Construction Company	DCAA	5/3/2004	Based on evaluation of incurred cost submission, audit questioned following rates: (1) overhead/G&A rate. the proposed overhead rate. Questioned overhead expenses as FAR unallowable expense; (2) EBE rate: questioned the proposed EBE rate. questioned the EBE pool related to pension costs which were not computed in accordance with CAS 412.
Airborne 1 Corp.	DCAA	4/23/2004	DCAA examined Airborne's accounting system to determine whether the system's design is acceptable for the award of a prospective contract. DCAA found that the system's design is not, in all respects, acceptable for the award of a prospective contract as it could result in misstated costs.
Covansys Corp.	DCAA	4/19/2004	DCAA evaluated Covansys' proposed direct labor rates, indirect expense rates, consultant rates and selected consumables. DCAA adjusted the previously overstated labor overhead rate and the general and administrative expense rate, and reduced the travel expenses.
Siemens Dematic Airport Cargo & Security Operations Division	DCAA	4/8/2004	DCAA evaluated Siemens Air Cargo & Security division to perform physical observations (for checks) and determine that employees are actually at work, that they are performing in their assigned job classifications, and their time is charged to the appropriate jobs. DCAA found certain contract labor practices required corrective action to improve the reliability of the contractor's labor accounting system - timecards signed prior to end of work week; not all time was recorded; insufficient employee training; and inadequate timekeeping procedure.
Turner Construction	DCAA	3/5/2004	DCAA reviewed Turner's indirect cost proposal and related books and records for reimbursement of incurred costs. DCAA's review resulted in questioned overhead expenses (dinner, entertainment, promotions, etc.), to which DCAA reduced Turner's overhead rate.
Turner Construction Co.	DCAA	3/5/2004	DCAA examined Turner's indirect cost proposal and related books and records for reimbursement of FY 2002 incurred costs. The purpose was to determine allowability and allocability of indirect cost rate and establish audit determined indirect cost rate for 2002. DCAA questioned the proposed overhead rate and overhead expenses as FAR unallowable expense.
Homeland Security Corp.	DCAA	3/4/2004	DCAA evaluated Homeland Security's claimed costs under a contract providing for the training of federal air marshals. DCAA questioned costs related to airfare and rental car expenses. Homeland Security concurred with the questioned cost except for those related to the rental of a U-Haul.
Robert Lloyd Electric Company, Inc.	DCAA	3/1/2004	Report pertains only to the performance of agreed-upon procedures to verify the amounts claimed on Pay Application Number 33. Auditor did not perform an examination on the subject matter of the report. Application of agreed-upon procedures disclosed no significant exceptions in the amounts claimed on Pay Application Number 33.
STC Construction, LLC	DCAA	2/20/2004	All proposed costs were questioned. These included: subcontractor claims, extended field overhead, unabsorbed overhead, additional engineering costs, lost share VECP savings rounding, the costs were either not supported, or their were included in wrong categories.
Firstline Transportation	DCAA	2/18/2004	Examination revealed questioned costs. The costs primarily related to adjustments to G&A. The contractor improperly applied a combined G&A rate. Adjusted G&A rate due to voluntary reduction in the allocation of PrimeFlight Aviation Services expenses by the contractor.
L-3 Communications	DCAA	1/15/2004	DCAA examined L-3's time and material proposal and firm-fixed-price portion to determine if the proposed costs were acceptable as a basis to negotiate a fair and reasonable contract price. The estimated costs are for engineering services and meetings to support the purchase of 43 explosive detection systems units. DCAA found the proposal acceptable for negotiation of a fair and reasonable price. However, there was an error in the proposal for costs related to the Training Specialist, and SDS calculated indirect charge personnel as direct in arriving at some costs.

# DCAA Audit Findings

Contractor	By	Date	Description
L-3 Security Detection	DCAA	1/15/2004	DCAA audited L-3's estimated price for engineering services and meetings to support the purchase of 43 explosive detection systems units. DCAA found the cost/pricing data inadequate in part, however, because the inadequacies are considered insignificant, the proposal is an acceptable basis for negotiation of a fair and reasonable price.
Leo A. Daly Company	DCAA	1/2/2004	Indirect rates are acceptable as proposed. Direct costs were acceptable as adjusted by examination. Questioned direct subcontract costs due to an overbilling by one of Daly's subcontractors. Contractor concurred. Direct costs not questioned, provisionally approved. Evaluation also found that Daly acquired computer equipment and charged direct to the Boeing subcontract. Daly is holding equipment pending disposition instructions from the prime contractor. Because computers are considered deliverables under subcontract, audit did not question any costs associated with them.
Philip Williams	DCAA	12/17/2003	DCAA examined the direct labor rates and indirect rate of Philip Williams & Associates proposal to FEMA. DCAA found that Philip Williams' cost/pricing data in support of the rates were inadequate in part. The proposal, as adjusted by DCAA audit, is now acceptable as a basis for negotiation of fair and reasonable pricing.
Ricondo & Associates, Inc.	DCAA	12/5/2003	DCAA examined Ricondo's certified final indirect costs proposal and related books and records for reimbursement of FY 2002 incurred costs to determine allowability of direct and indirect costs and recommend contracting officer-determined indirect costs for 2002. DCAA questioned subcontract costs. DCAA also questioned costs and classified others as unresolved in 2nd tier subcontract costs related to 3rd tier subcontract assist audits. The questioned subcontract costs was due to questioned direct labor costs and overhead costs. The development of the indirect rates included questioned costs due to unallowable costs and a reclassification of payroll variance from base cost to the expense pool.
Leigh Fisher Associates, LLP (LFA)	DCAA	12/1/2003	FY 2002 overhead cost rate is acceptable as proposed. Except for qualifications, claimed direct costs are acceptable. Questioned claimed direct 3rd tier subcontract costs. Classified as unresolved claimed indirect costs by Arup pending accounting firm completing its evaluation of actual indirect costs. Direct costs not questioned are provisionally approved. Qualifications: 3rd tier subcontracts are undefinitized letter subcontracts, cannot reach definitive conclusion on the allowable amounts on these subcontracts.; SSMTS has not submitted its incurred cost submission for costs incurred on 3rd tier subcontracts, unable to assess reasonableness of time and material type rates used to bill labor and direct costs; DCAA will not receive in-process audit by MacDonnel & Dodd. Classifying costs as unresolved pending receipt of the assist audit, expected prior to Dec. 31, 2003.
Gomez Construction Co.	DCAA	11/25/2003	DCAA examined Gomez's accounting system to determine whether it is adequate for accumulating costs under a Gov't contract, and whether the billing procedures are adequate for the preparation of cost reimbursement claims, i.e., interim public vouchers and progress payments. DCAA found Gomez's accounting system inadequate in part for accumulating costs/billing under a Gov't contract - deficient in completing timesheets; does not identify or segregate FAR 31.2 unallowable costs; does not compile pool/applicable bases for indirect rate computations; has a subsidiary job cost ledger summarizing all costs incurred; does not book costs to contract on a line item by line item basis; and bills the Gov't a % of completion method, not based on costs incurred.
SSTMS, Inc.	DCAA	11/25/2003	DCAA applied agreed-upon procedures to SSTMS, Inc's direct labor costs, indirect expense rates and other direct costs under a prime contract. DCAA was unable to verify the hourly rates because the subcontractor treated labor as a time and material contract and the labor rates were loaded rates. Therefore, they only verified the total hours incurred.
Acceptance Inc. d/b/a MAXaero	DCAA	11/21/2003	Application of agreed-upon procedures to evaluate cumulative costs. Application of these procedures identified a number of adjustments. Labor costs were adjusted upwards recognizing contract rate versus billing rate and not recognizing billing rate after completion of contract. Other direct costs were adjusted where paid costs were above the ceiling for direct costs. The audit did not find any labor charging problems. Auditor believes TSA has potential recovery for excess home office rates.
Turner Aviation Security	DCAA	11/21/2003	Report pertains only to the performance of agreed-upon procedures to evaluate rates and factors, using analytical procedures, contained in the initial proposal and subsequent undefinitized supplemental agreements. Did not pertain to subject matter of report. Subcontractor data estimates that are primarily the basis for undefinitized and supplemental agreements.
Worldwide Flight Services	DCAA	11/13/2003	Worldwide Flight Services submitted a proposal for pre-board screening of passengers and carry-on baggage at eight airports from Feb 17 2002 through Dec 31 2002. DCAA questioned costs related to direct labor rates, G & A rate, bonuses, ODC, and SUTA rates. The contractor representatives reserved their comments until negotiations.
Corgan Associates, Inc.	DCAA	10/14/2003	Audit determined subcontractor's indirect rate is acceptable as proposed. Claimed direct rates are acceptable and are provisionally approved pending final acceptance.



# DCAA Audit Findings

Contractor	By	Date	Description
Northrup Grumman Mission Systems (formerly TRW Systems)	DCAA	9/29/2003	DCAA examined the contractor's voucher no. 8 to determine the allowable cost under a T&M subcontract for modeling, analysis and simulation support from June 17, 2002 to Dec 31, 2002. They found that the contractor's voucher is not acceptable for processing due to costs which are otherwise allowable but are in excess of subcontract limitations. The contractor states that they have been reassured the additional funding will be forthcoming and they will be paid in good faith for the work performed.
State of Nebraska	DCAA	9/4/2003	This was an application of agreed-upon procedures. They included: 1) verification of mathematical accuracy of rate calculations. 2) they relied on and considered historical costs to evaluate DCS's calculated rates; and 3) evaluated DCS's methodology for allocating indirect costs from its central administration to the Hastings facility. They did not perform examination and did not express any opinions.
Lloyd Electric Company, Inc.	DCAA	8/28/2003	Contractor's indirect rate is acceptable as adjusted. Claimed direct costs are acceptable and provisionally approved. Indirect costs questioned are believed to be subject to penalties provided in FAR 52.242-3. Audit found expressly unallowable costs subject to the penalty in the indirect rate. Because the subcontractor was only allowed to bill the government with an indirect rate, the subcontractor did not bill the government using the indirect rate that included the FAR unallowable costs. Auditor believes penalties can be waived.
US Airways	DCAA	7/28/2003	DCAA disallowed US Airways' claimed interest on invoices unpaid for more than 30 days.
Corgan Associates, Inc.	DCAA	6/25/2003	Floor checks disclosed no significant deficiencies in the contractor's timekeeping or labor system. Report pertains only to evaluating the contractor's timekeeping procedures and performance of floor checks. Audit expressed no opinion on the adequacy of the contractor's labor accounting system. Contractor concurred.
Leo A. Daly Company	DCAA	6/23/2003	Certain timekeeping and labor charging practices require corrective action to improve the reliability of Daly's labor accounting system. Recommendations: (1) require employees to complete their timesheets on a daily basis; (2) require employees to record all hours worked whether paid or not; (3) collect completed timesheets no earlier than the final work day of the pay period.
Leo A. Daly Company	DCAA	6/18/2003	Accounting system is adequate for accumulating costs under government contracts. Examination limited to determining whether Daly's accounting system is adequate for accumulating costs under prospective government contracts. Did not perform comprehensive examination of contractor's overall accounting system and its related internal controls. Audit expresses no opinion on such.
Ricondo & Associate, Inc.	DCAA	6/17/2003	Contractor's accounting system is adequate for accumulating costs under Government contracts. Examination limited to determining whether Ricondo's accounting system is adequate for accumulating costs under prospective Government contracts. Auditor did not perform a comprehensive examination of the subcontractor's overall accounting system and its related internal controls.
Turner Aviation Security	DCAA	6/3/2003	Subcontractor's accounting system is inadequate in part; Examination disclosed 2 significant deficiencies in TAS's accounting system that could result in misstated costs. Recommend disapproval of these portions of TAS accounting system. Significant Issues: (1) subcontractor allocating salary to the subcontract, applicable to salaried/exempt employees, based on a 40 hour work week, as opposed to an allocation of salary based on total actual hours, does not consider impact of uncompensated overtime hours; (2) TAS is charging vacation, sick leave and holiday costs direct to the subcontract and is not properly allocating these benefits among projects when an employee works on more than one project a month; (3) subcontractor has reserved comments until a further review by upper management of the business unit.
Corgan Associates, Inc.	DCAA	5/23/2003	CAI's accounting system is adequate for accumulating costs. Examination was limited to determining whether CAI's accounting system is adequate for accumulating costs under government contracts. Auditor did not perform a comprehensive examination of the subcontractor's overall accounting system and its related internal controls. No opinion on these controls was expressed.
Turner Aviation Security	DCAA	5/15/2003	Certain subcontractor labor practices require improvement to increase the reliability of the subcontractor's labor accounting system. Suggestions include: (1) TAS does not have an Employee Awareness Program in place or documented in its written policies and procedures - create one; (2) develop written procedures, applicable to employees and supervisory personnel, for the proper issuance and control of employee timesheets prior to certification; develop written procedures for proper correction of timesheet entries prior to certification; (4) develop a single timesheet that will identify all hours worked by each employee by using a coding system for identifying the projects being charged and applicable business unit.
Lloyd Electric Company, Inc.	DCAA	4/28/2003	Certain subcontractor labor practices require corrective action to improve reliability. Deficiencies noted in relation to indirect cost during floor checks. 10 employees did not sign paychecks, thereby not certifying accuracy of timesheets. 57 of 88 examined timesheets were missing one or both signatures. This is an unacceptably high rate of 65 percent error. Auditor will perform follow-up evaluation of subcontractor's timekeeping internal controls and determine status of the cited deficiencies, corrective actions, and impact of deficiencies on the overall adequacy of the subcontractor's timekeeping controls.

# DCAA Audit Findings

Contractor	By	Date	Description
United Airlines, World Headquarters	DCAA	4/28/2003	Audit resulted in downward adjustment. The auditor determined the amounts billed by UAL did not include profit for the work performed by UAL employees. The billings for work performed under lower tier agreements did include profit, which was built into the billed labor rates. Took exception to the total direct labor costs claimed for the checkpoint GSC security and total supervision direct labor costs.
American Eagle Airlines, Inc.	DCAA	4/18/2003	American Eagle Airlines, Inc. submitted a proposal for costs incurred. DCAA questioned costs that they said was unsupported by the terms of the OTA (Other Transactions Agreement) including direct labor cost. The contractor's representative initially concurred in a meeting but reserved comment and is preparing a written response.
Continental Airlines, Inc.	DCAA	4/14/2003	CAL submitted a proposal for costs incurred. DCAA questioned costs that they said was unsupported by the terms of the OTA (Other Transactions Agreement) including overstated labor cost and their associated fringe benefits. The contractor concurred for a downward adjustment.
U.S. Airways	DCAA	4/11/2003	US Airways submitted a proposal for costs incurred. DCAA questioned that they said was unsupported by the terms of the OTA (Other Transactions Agreement) including direct labor, overhead, security vendors, G & A costs, and the cost of interest. The contractor did not concur with the results.
Northwest Airlines	DCAA	4/3/2003	DCAA found NWA erroneously billed management labor hours, overtime premium costs, and retention bonuses, resulting in a downward adjustment.
America West Airlines	DCAA	4/2/2003	DCAA found AWA billed security services at the Tampa, FL location, which was not included on the original OTA listing of airport screening locations. The finding resulted in a downward adjustment.
Southwest Airlines	DCAA	3/4/2003	Southwest developed a separate system to manually account for general and administrative costs incurred and billed under an Other Transaction Agreement (OTA). DCAA investigated the system, finding two duplications in invoices with Argenbright Security (a lower-tier agreement), resulting in a downward adjustment.
Huntleigh USA Corporation	DCAA	2/21/2003	The contractor billed for costs incurred. The significant issues include: 1) billed amounts are overstated for all elements when compared to recorded costs based on accounting data. 2) Labor dollars were understated because the contractor underestimated actual labor hours on the vouchers and applied incorrect rates to regular and overtime hours. 3) SUTA, FUTA, workers compensation, and fringe benefits were overstated. 4) The auditors set out severance pay, royalties, and shutdown costs in their entirety because the contractor did not record any severance pay or shutdown costs or demonstrated that royalties are based on cost incurred as required by AMS Policy Guidance. 5) Severance pay was estimated at a percentage of total wage dollars plus FICA expenses – however, no severance costs were incurred. 6) Shutdown costs were estimated to be – no record of shutdown costs. 7) G&A expenses associated with adjusted base amounts are also adjusted.
Global Aviation Services Corporation	DCAA	2/12/2003	Audit of disclosed questioned costs, including Labor, Sales tax, in Airport Fees, and in Incentive Payments.
Prospect Airport Services	DCAA	12/31/2002	Audit of proposal disclosed questioned costs including Labor Hour/T&M Labor Rate Adjustments and Other Direct Costs. Significant issues included labor hour adjustments, questions of uniform costs and parking costs – it is unclear if employees were made to pay for these costs without reimbursement from employer, in which case TSA would not be accountable for costs.
MAXAERO	DCAA	12/20/2002	Maxplus, Incorporated DBA MAXaero submitted a proposal for concourse and gate screening services at various airport locations from Feb 17 2002 through Nov 19 2002 .DCAA questioned costs related to the composite labor rate. The contractor representative reserved comment. DCAA recommended that contract price negotiations not be concluded until a technical assessment of the reasonableness of the proposed labor hours are considered by the contracting officer.
Olympic Security Services, Inc.	DCAA	12/20/2002	Olympic Security Services, Inc. submitted a proposal for airport security services at 30 US airports from Feb 17 2002 through Sept 30 18 2002. DCAA questioned costs related to workers compensation insurance, unemployment taxes, overhead costs, G & A costs, and phase-out costs. DCAA did not provide the air impact of their audit findings on proposed billing rates in a meeting with the contractor's representatives. DCAA recommended that contract price negotiations not be concluded until a technical assessment of the reasonableness of the proposed labor hours has been performed and considered by the contracting officer.
Aviation Safeguards	DCAA	12/4/2002	Costs were questioned relating to direct labor hours and loaded labor rates. The contractor's accounting system is not adequate for accumulating costs under prospective Government contracts.
Aviation Safeguards	DCAA	12/4/2002	Aviation Safeguards submitted a proposal for airport screening services from Feb 17 2002 through Nov 19 2002. DCAA questioned costs related to direct labor hours and loaded labor rates. The contractor representatives agreed with DCAA's adjustment of the proposed labor hours but left the rates and other matters to further negotiation.
International Total Services, Inc.	DCAA	11/26/2002	International Total Services, Inc. submitted a voucher for airport passenger screening services from Feb 17 2002 through August 2002. DCAA questioned costs including duplication of records for direct labor wages, questionable payroll tax calculations, unallowable billing of port fees and sales tax, closed site fees and administrative fees which were not provided for in the contract, bonus costs not billed according to the FAA-approved Bonus Plan, and questionable base cost. The contractor has agreed to retroactive changes of certain terms of the contract in a Nov 15, 2002 letter from the TSA but DCAA has not quantified what impact these changes will have.

# DCAA Audit Findings

Contractor	By	Date	Description
Summit Security Service, Inc.	DCAA	11/26/2002	Summit Security Services Inc. submitted a proposal for airport screening services from Feb 17 2002 through Nov 19 2002. DCAA questioned costs related to direct labor hours and loaded labor rates. The contractor representatives agreed with DCAA's adjustment of the proposed labor hours but left the rates and other matters to further negotiation.
DAL Global Services, Inc.	DCAA	11/22/2002	DAL Global Service's Inc. proposed providing pre-boarding security screening at 18 commercial airports across the continental US from Feb 17 2002 through Nov 19 2002. DCAA questioned costs due to the difference between the proposed costs for absences and fringe benefits and the contractor's actual costs for these items which it provided to its employees. DCAA recommended that contract price negotiations not be concluded until a technical assessment of the reasonableness of the proposed labor hours has been performed and considered by the contracting officer.
WorldWide Security Associates, Inc.	DCAA	11/22/2002	WorldWide Security Associates, Inc. submitted a proposal for airport passengers' pre-board security screening services at 11 US airports from Feb 17 2002 through Nov 18 2002. DCAA questioned costs related to the proposed labor hours and indirect rates. DCAA did not provide the dollar impact of their audit findings in a meeting with contractor representative. DCAA recommended that contract price negotiations not be concluded until a technical assessment of the reasonableness of the proposed labor hours has been performed and considered by the contracting officer.
Sky Aviation Services, Incorporated	DCAA	10/31/2002	Audit of proposal disclosed questioned costs including Loaded Labor costs and Other direct costs (98% over estimated deficiencies).
Wackenhut Corp.	DCAA	10/25/2002	The Wackenhut Corporation proposed providing concourse and gate-screening services at various airport locations from Feb 17 2002 through Nov 19 2002. DCAA questioned costs including adjusting proposed labor hours to actual labor hours incentive bonuses which are funded by the TSA outside of this subject proposal, uniform cleaning costs which are not reimbursed to employees by the contractor, and for applying the G & A and the gross receipts tax to ODC funds. The contractor agreed to eliminate the incentive bonuses and non-reimbursed uniform cleaning costs for a downward adjustment. DCAA recommended that contract price negotiations not be concluded until a technical assessment of the reasonableness of the proposed labor hours has been performed and considered by the contracting officer.